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E.O. 12958: DECL: 01/19/2016
TAGS: [PREL](#) [PARM](#) [KNNP](#) [IR](#) [EU](#) [AORC](#) [CH](#)
SUBJECT: STRONG DOMESTIC PRESSURE DRIVING IRAN'S NUCLEAR
PROGRAM; CHINA LOOKING AFTER ECONOMIC INTERESTS

REF: A. BEIJING 00550

[1](#)B. BEIJING 00094
[1](#)C. STATE 02147

Classified By: Deputy Chief of Mission David Sedney.
Reasons 1.4 (b/d).

[1](#)1. (C) Summary: A strong domestic consensus in Iran is driving the government to restart enrichment activities and to pursue an indigenous nuclear program, according to MFA West Asia and African Affairs Iran Division Director Xu Wei. In a January 19 meeting, Xu said that Beijing believes it is the only viable go-between to resolve the Iranian nuclear program. China has not yet received detailed briefings from the Russians on its proposal to assist Iran's nuclear program. Beijing and Tehran have healthy economic ties and Beijing does not believe Iran will use punitive oil pricing or sales measures against it, if China in the end supports a referral to the UNSC. Iranian VFM Safari held previously undisclosed meetings with China's Economic Planning Vice Minister Zhang Guobao while in Beijing earlier this month. A German Embassy officer told us that China is pressuring Iran to quickly close a deal on Iran's last untapped oil field. End Summary.

Domestic Pressure Pushing Iran to Restart Nuclear Program

[1](#)2. (C) Domestic pressures are forcing the Iranian Government to restart its uranium enrichment activities and to pursue an indigenous nuclear program, MFA West Asia and African Affairs Iran Division Director Xu Wei told poloff on January 19. During his January 8-9 visit to Beijing, Iranian Vice Foreign Minister Mehdi Safari told PRC officials that Iran restarted its uranium enrichment activities because of pressure from three groups: frustrated young scientists and technicians who fear they are losing their skills because they are out of work, deputies in the Iranian Congress seeking to raise Iran's international prestige and mullahs who view Iran's nuclear program as a symbol of power as well as an affront to western hegemonism that will shine as an example of a perfect Muslim state that the Islamic world can aspire to. Moreover, young people who are

desperate for opportunities and seek to raise Iran's international profile increasingly drive Iranian politics. Xu said the current situation is very grave and that Iran is not likely to back down because the government has too much to lose domestically.

¶3. (C) Iran is unified in its desire to pursue an indigenous nuclear program, according to Xu. He stated that the people and the various factions within the government all share the desire and goal of Iran having its own nuclear program but have different ideas on how to achieve that goal. Iran's President believes confrontation over the nuclear issue provides the Islamic world with an example of a Muslim state successfully standing up to the West. Other Iranian Government officials (Xu would not provide names) see the President's approach as exacerbating tensions needlessly. Regardless, all factions defend Iran's right to develop nuclear technology.

¶4. (C) In a separate January 19 meeting, German Embassy Officer Aron Mir Haschemi stated that the German Embassy in Tehran shares the same assessment of Iran's domestic situation. The German Embassy in Tehran reports that popular support for restarting the uranium enrichment activities has prevented Iranian politicians from being able to negotiate with the West on the issue. Furthermore, moderates within Iran are not willing to speak out because of fear of government reprisals including bodily harm and exile.

China Views Itself as a Go-Between for Iran and the West

¶5. (C) China continues to pursue normal, healthy relations with Iran in order to benefit the international community, according to Xu. China views itself as the only possible middleman between a revolutionary Islamic state and western liberal democracies. Iran will never accept proposals from the outside, particularly from the "Great Satan." Beijing urges the international community to adopt a patient attitude towards Iran and recognize that it is facing domestic pressures.

China's Perspective on the Russian Proposal

¶6. (C) The Russian proposal to conduct Iranian uranium enrichment in its territorial boundaries surprised Iran, according to Xu. The proposal is totally different from how the Iranians envisioned the development of their nuclear program and may run counter to their desire to become a beacon for the Islamic world. At this time, however, Tehran has not rejected the goal outright and will weigh carefully every aspect of the Russian proposal. Lamenting that "working with the Iranians takes years off your life," Xu said that based on his five-year experience living in Iran, he finds the Iranians to be top negotiators "bar none." They are able to reach deals that maximize their interests while returning very few benefits to the other side.

¶7. (C) When asked about China's opinion of the proposal, Xu stated that Russia has yet to provide an outline or details of its plan to Beijing. China welcomes all proposals that may provide a solution to the current impasse with Iran. Xu said China has not discussed the Russian proposal in Moscow nor has Russia discussed the proposal in Beijing. Xu noted the possibility that Zhang Yan was provided more details on the plan during the January 16 London talks.

Iran's Nuclear Intentions

¶18. (C) When asked if Iran's ultimate goal in restarting its nuclear program is to develop a nuclear weapon capability, Xu carefully avoided answering, instead repeating that Iranians are the world's best negotiators who "always will leave you with nothing."

¶19. (C) German officer Aron said that German intelligence services have met with the Chinese intelligence services to discuss how close Iran is to achieving a nuclear weapon capability.

China - Iran Economic Relations

¶10. (C) Beijing and Tehran enjoy healthy economic ties, according to Xu. Currently, China does not have any outstanding oil contracts under negotiation. Xu said that China has a huge need for oil and Iran is willing to sell its oil to China. Last year China purchased over 16 million tones of oil from Iran. During Iran's Vice Foreign Minister Mehdi Safari's January 8-9 visit to Beijing, Safari met with National Development and Reform Commission Vice Minister Zhang Guobao to discuss further cooperation on energy issues. (Note: The MFA Arms Control and Disarmament Department provided a read out of the Safari visit (reftel A) and stressed that the topic of discussion was Iran's nuclear program. The readout did not mention the Zhang meeting. UK Embassy Officer Clare Filshie and German Embassy Officer Aron Mir Haschemi confirmed during separate January 18 meetings that they were not told about the Zhang meeting either. End Note.) When asked if China was worried about Iran adopting punitive oil pricing or oil sales policies in reaction to its referral to the UNSC, Xu stated that Iran has not threatened China with any retaliatory measures if China agrees to the UNSC referral. Xu is convinced that the Iran situation will cause oil

prices to increase dramatically.

¶11. (C) German Emboff Aron said that Germany believes China is still in negotiation with Iran to tap Iran's largest untapped oil field at Yadavaraon. A framework for the agreement has been signed but China is aggressively pressuring Iran to close the deal, according to Aron and Germany Embassy sources.

¶12. (C) Aron said that the German Government has initiated economic impact studies on the loss of trade with Iran in preparation for a referral to the UNSC and possible sanctions. German analysts are looking at trade between China and Iran as well. Germany has considerable concern that as one of Iran's largest trading partners, German industries and the overall economy could be hurt by a downturn in German-Iran relations. According to Aron, Germany is concerned that China could supplant its market share in key industries such as automobiles if Germany supports a UNSC referral and China does not.

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